STANDARD CHARTERED CAPITAL LIMITED ("SC CAPITAL")

Appointment and Remuneration Policy

Policy Title	SC Capital Appointment and Remuneration Policy
Version Number	1.1
Applicability	Directors, Key Managerial Personnel and Senior Management as defined in the Companies Act, 2013 and as amended from time to time and to other employees of the Company as may be applicable.
Geography	India
Status	Current
Effective Date	1st April 2014
Review date	27th May 2024
Purpose & Scope	Section 178 of the Companies Act 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires SC Capital to formulate a policy on the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management.
Policy Statement	**1. Criteria for determining the appointment of Senior Management personnel**: In SC Capital, Senior Management consists of the heads of the business and the functions. For appointment of Senior Management as well as other levels of staff, appropriate Job Description (JD) are in place for each of the roles which covers the level of education, skill and experience required for appointment. The appointments at each of the positions is made after due evaluation of the candidate for the role by the respective Line Manager, Matrix Manager and the Human Resources. **2. Criteria for determining the appointment of Director** In SC Capital, the composition of the Board of directors is diversified and apart from the Managing Director & CEO, who has substantial powers for managing the affairs of the Company, includes representations from Business, Governance and Risk from Standard Chartered Bank, India being a Group Company. **3. Criteria for determining the appointment of an Independent Director** With the Companies (Appointment and Qualification of Directors) Amendment Rules 2017 dated 5 July 2017 the following classes of unlisted public company shall not be covered under sub-rule (1), namely:- (a) a joint venture; (b) a wholly owned subsidiary; and (c) a dormant company as defined under section 455 of the Act. Hence SC Capital is exempt to have INEDs on its Board by virtue of being a wholly owned subsidiary. However, if SC Capital lists any security (Equity shares or Debentures

	on Stock Exchange) then the company shall have at least one-third of the total number of directors as independent directors. Any fraction contained in such one-third number shall be rounded off as one. The candidature for appointment of Independent director would be evaluated on basis of merit. While the appointment of each of the directors would be placed before the Board after recommendations by the Nomination and Remuneration Committee, the following would be adhered to: 3.1 The Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to Company's business. 3.2 The independent director in relation to SC Capital, shall mean a director other than the managing director or whole-time director or nominee director— (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience; (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company; (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company; (c) who has or had no 12 [pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed,] with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;] (d) none of whose relatives— (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year: Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed; (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);] (e) who, neither himself nor any of his relatives— (i) holds or has held the position of a key managerial personnel or is or has

	been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; [14][Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.] (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of— (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm; (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; (f) who possesses such other qualifications as may be prescribed, currently as follows: **Qualifications of Independent Director** (1) An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business. As per Section 150 and Rule 6 of the Companies (Appointment and Qualification of Directors Rules, 2014) and other applicable provisions of the Companies Act as amended from time to time, the Independent Director's name is required to be included in the Independent Director's databank. [1][(2) None of the relatives of an independent director, for the purposes of sub-clauses (ii) and (iii) of clause (d) of sub-section (6) of section 149- (i) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors; or (ii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year.] **4. Terms & Conditions for appointment of an Independent Director** 4.1 The independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence. 4.2 The Company and the Independent Directors shall abide by the provisions specified in Schedule IV of the Companies Act, 2013 which lays down the code of conduct for independent directors.

	4.3 An independent director shall hold office for a term up to five consecutive years on the Board of a company or such other term as may be prescribed by the Board, but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. 4.4 No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director: Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly. 4.5 Any intermittent vacancy of an independent director shall be filled up by the Board of SC Capital at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later. **5. Criteria for deciding remuneration payable to directors, key managerial personnel and other employees** The Standard Chartered Group's performance, reward and benefits arrangements support and drive the Company's business strategy and reinforce our values in the context of a clearly articulated risk appetite and One Bank framework. SC Capital rewards sustained performance over time and decisions on pay are strongly based on differentiation both for sustained performance and for behaviours. The Group has a very clear focus on governance at a Board level also and across the Group as a whole. The Board oversees performance and reward issues on a top down basis. The Remuneration Committee ("RemCo") of the Standard Chartered Group, comprises of independent directors of Standard Chartered PLC, and undertakes a review of the Group's remuneration practices against both the Prudential Regulation Authority and the Financial Conduct Authority and the Financial Stability Board ("FSB") principles and has confirmed that it believes that SC Capital is fully aligned. • **Strong plan governance**: The Standard Chartered Group RemCo and other governance bodies, play a leading role in making reward decisions by providing independent oversight and strong governance with appropriate input from control functions. Business specific reward plan committees serve to formalise the involvement of Risk, Compliance and Human Resources functions in compensation decision-making across the Group. • **Performance and reward decisions for the control functions** (including those of Risk, Compliance, HR and Legal) are determined independent of the business; and control functions do not participate in any business specific performance plans. • **The Standard Chartered Group already uses risk-adjusted profit** as the funding driver for the Group's variable compensation spends, and this measure is used to develop pools in the respective businesses. Specifically, variable compensation is funded through a Risk Capital Adjusted Profit ("RCAP") performance metric. RCAP is, by its very nature, a conservative measure as it uses the higher of actual and expected losses as well as the higher of Regulatory Capital and Economic Capital in calculating Equity Credit and Capital Charges. • It is important to note that, although pools are funded as a percentage of a risk adjusted performance, individual performance awards are not

	determined formulaically. For example, all employees in Global Markets are in the same incentive pool in order to ensure that appropriate team behaviours are encouraged. • The Group has had a Bank-wide performance award (bonus) **deferral framework** since 2008 which is applied for <u>all employees</u> irrespective of business and location. All employees with a discretionary performance award above a threshold, received a proportion of their award in restricted shares to emphasise the importance of longer-term Group performance. • A portion of the total variable compensation of senior management is delivered in the form of **performance shares** which only vest after three years subject to the future satisfaction of performance measures like Earnings Per Share ("EPS") and a risk aligned performance test in the form of a return on risk weighted assets ("RoRWA"). • The Group originally adopted a **claw-back policy** in November 2009 to ensure alignment with the FSA's guidelines and this is reviewed annually. The Group claw-back policy reserves the right to claw-back any deferred award (cash, restricted shares or performance shares) in exceptional circumstances such as a material restatement of Group financials or a significant failure in risk management or for example if the employee has exhibited inappropriate values or behaviours. The Group continues to review its remuneration practices in response to both emerging best practice and market developments globally. In respect of the remuneration payable to the Managing Director & CEO of SC Capital, apart from Group Remuneration Policy, provisions of the section 197 of the Companies act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall also be complied with. As per the provisions of the Companies Act, 2013, the Independent director shall not be entitled to stock options and may receive remuneration by way of sitting fees within the limits as permitted by the Rules pursuant to the Companies Act, 2013 for attending the meetings of the Board and the Committees. **6. <u>How does SC Capital ensure the following?</u>** a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the directors of the quality required to run the company successfully; b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals. The commitment of the SC Capital to its employees is to develop them, recognise their contribution and reward their success. SC Capital's performance and reward philosophy and principles are those derived from that followed by the Standard Chartered Group and guide the design and operation of our programmes which support our business strategy and reinforce our values. Through the reward practices, employees should be motivated to focus on business and personal objectives, deliver and sustain outstanding performance and act in-line with the Bank's values. We have a very competitive set of reward components and use a Total Reward approach to bring these components together To deliver this philosophy and principles SC Capital uses a Total Reward

	approach. This takes into account the totality of the relationship between the Group and its individual employees. It recognises that, while the financial dimension is vital, the relationship has other elements that also contribute to an outstanding employment experience. Total Reward encompasses both tangible elements of reward, such as pay and benefits, as well as intangible elements of reward such as learning and development and the work environment. All employees' base salaries are reviewed annually. The Group policy for employees, including Executive Directors, is that base salaries are set to take account of market salaries as well as the performance of the individual. Increases are, therefore, made on a person-by-person or job-by-job basis. Where collective bargaining agreements exist, these are taken into account. Excellent performance by both Group and individuals is rewarded with higher annual performance awards (cash and deferred elements) and, for senior managers, the delivery of performance share awards. The typical level of target variable compensation (i.e. cash and share awards) increases the more senior the executive is. Furthermore, the balance of shares to cash increases with seniority In addition, employees are: ▪ eligible to participate in the Group's all-employee Share save scheme; and ▪ receive core benefits based on local regulations and competitive practice, which normally include retirement benefits, medical insurance, life assurance and annual leave Employees are required to agree both performance and values objectives at the beginning of each year with their manager, detailing stretching performance objectives with clear measures and targets. As part of this process, employees are required to document how they will demonstrate the Standard Chartered Group's values in their everyday working lives. The Standard Chartered Group is also continuing its efforts to differentiate further reward for performance: ▪ Consistently follow a total reward strategy that supports a high-performance culture and disproportionally rewards high performers who add the greatest value to the business; and ▪ Extract greater value from the Group's investment in rewards and other benefits by developing a total compensation approach and effectively communicating its benefits to employees, in-line with best-in-class practice.
Reporting Requirements	1) This policy and any subsequent amendment(s) thereto, shall be placed on the website of the company 2) The salient features of the policy and changes therein along with the web address of the policy shall be disclosed in the Board's report. 3) Remuneration paid to Directors and Key Managerial Personnel shall be reported in the Annual Return as on close of a financial year.
Other Related Documents	1. Schedule IV of the Companies Act, 2013
Definitions under the Companies Act, 2013	2. Section 2 (18): "Chief Executive Officer" means an officer of a company, who has been designated as such by it. 3. Section 2 (19): "Chief Financial Officer" means a person appointed as the Chief Financial Officer of a company. 4. Section 2 (24): "company secretary" or "secretary" means a company secretary as defined in clause (c) of sub-section (1) of

	section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under this Act. 5. Section 2 (34): "director" means a director appointed to the Board of a company. 6. Section 2 (51): "key managerial personnel", in relation to a company, means— (i) the Chief Executive Officer or the managing director or the manager;(ii) the company secretary; (iii) the whole-time director; (iv) the Chief Financial Officer; and (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and (vi) such other officer as may be prescribed] 7. Section 2 (53): "manager" means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not. 8. Section 2 (54): "managing director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called. 9. Section 2 (78): "remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961. 10. Section 2 (94): "whole-time director" includes a director in the whole-time employment of the company; 10. Senior Management – As per the explanation given under section 178 of the Companies Act 2013, Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
Policy Owner (name & title)	Board of SC Capital. Head – Human Resources, SC Capital and Company Secretary, SC Capital would be responsible for carrying out changes in the Policy document as may be recommended by the Nomination and Remuneration Committee from time to time. As per Section 178 of the Companies Act, 2013, the SC Capital Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent director
Approving Authority	SC Capital Board